



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 11

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council

FROM: Drew Corbett, City Manager

PREPARED BY: City Manager's Office

MEETING DATE: February 01, 2021

SUBJECT:

Short-Term Rental Regulations and Fees— Ordinance Introduction and Resolution

RECOMMENDATION:

Introduce an Ordinance to amend the San Mateo Municipal Code Chapter 5 “Business Licenses and Regulations,” to regulate the usage of Short-Term rentals and adopt a Resolution to amend the 2020-21 Comprehensive Fee Schedule to add two new fees for Short-Term Rental Registration and Short-Term Rental Registration Appeal.

BACKGROUND:

Cities are experiencing a growth of short-term rentals (STRs) in many residential communities. Although STRs can provide a source of income to property owners and optimize utilization of unoccupied spaces, they can also have negative impacts on the character of a neighborhood and overall housing supply. Since the emergence of STRs in the City of San Mateo, the City has received complaints regarding STRs impacts related to parking, loud parties, and marijuana and tobacco smoke.

On October 19th, 2020, the City Council held a study session to evaluate potential STR regulations. At the study session, staff presented the results of a survey of community members and short-term rental operators. Staff presented the most common STR regulations adopted by neighboring jurisdictions and then suggested specific policies for Council consideration. Staff has prepared an Ordinance (Attachment 1) that includes the following regulations based on the feedback staff received from the City Council:

- **Registration Requirement:** STRs must register in order to operate in the City. This is in addition to obtaining a valid business license.
- **Prohibition of Special Events:** Weddings, corporate events, commercial functions, large parties, and other similar events that have the potential to cause traffic, parking, noise, or other impacts to the neighborhood are prohibited on the property during short-term rentals.
- **Occupancy Limits:** STRs operators are not to exceed the lesser of 2 occupants per bedroom or 10 occupants in total.
- **Parking Requirements:** STR operators are required to have off-street parking available for their short-term renters. Properties with 3 or fewer bedrooms would need to provide 1 parking space. Those with 4+ bedrooms would need 2 spaces. If there is no off-street parking available, the property is not eligible for a short-term rental permit.
- **Local Contact Person Requirement:** A local contact person is required and will be made available 24 hours per day, 7 days per week during the term of any STR stay, respond within 60 minutes to complaints, and must take remedial action to resolve such complaints.

- **Annual Limits:**

- Where the host is present, the dwelling unit may be occupied as a short-term rental for an unlimited number of days per calendar year.
- Where a host is not present, the dwelling unit may be occupied as a short-term rental no more than one-hundred and twenty (120) nights per calendar year.
- All accessory dwelling units shall be considered hosted if the owner or tenant is present on the property.

Implementation

The City of San Mateo currently works with a third-party consultant, HdL Companies, to identify short-term rentals in the City and collect transient occupancy tax (TOT). The City will expand HdL's scope of work to include their permitting service. This service includes reaching out to STR hosts to inform them about the registration requirement, setting up a STR application, and processing applications. The Community Development Department will be responsible for reviewing registration applications prior to approval and reviewing compliance with the parking space requirement, occupancy limits, and to verify it is a residential property. The City will require STR operators to follow the registration requirements listed below.

- **Initial Application and Registration:** Prior to advertising or use of a short-term rental, the host shall register the property/unit as a short-term rental with the City of San Mateo and obtain a valid City of San Mateo business certificate. All short-term rental hosts must register the short-term rental on or before July 1st on an annual basis.
- **Application Requirements:** The registration shall be submitted on a city-approved form. The applicant shall provide the name and contact information of the host; the address of the property/unit used as a short-term rental; a valid City of San Mateo business certificate; the anticipated frequency of the short-term rental; contact information for the local contact person; an acknowledgement of compliance with the requirements of the San Mateo Municipal Code; and other information as requested. Failure to submit all information required on the application will result in denial of the registration.
- **Fee:** The host shall pay a registration fee in an amount established by resolution of the City Council, and as updated from time to time. Failure to submit the required fee will result in denial of the registration. Staff recommends setting the fee at \$250. A resolution adding the Short-Term Rental permit fee to the City's Comprehensive Fee Schedule is included as Attachment 2.
- **Annual Renewal:** A registration may be renewed annually upon payment of registration renewal fees and all required transient occupancy tax remittance associated with the short-term rental. Failure to renew prior to the expiration date will result in expiration of the registration.

Since the City receives a low number of STR-related complaints, the City will maintain a database that will list the contact information from each registered STR local contact person. This database will be shared with the Police Department and Code Enforcement. If complaints increase, the City will reevaluate the need to make a 24/7 complaint hotline available to the residents.

Registration Revocation Process

If an STR host violates any provision of the STR ordinance, the Community Development Director may revoke the STR registration. Prior to revoking a STR registration, the Community Development Director will notify the host and arrange a public hearing to allow the host to present why the registration should not be revoked. If at the conclusion of the public hearing the Community Development Director revokes the registration, the STR host has the right to an administrative appeal before the Community Relations Commission. After the Community Relations Commission hearing, the decision made shall be final.

BUDGET IMPACT:

Adopting short term rental regulations will be cost neutral to the City. The third-party consultant, HdL, will charge the City \$20 per application as a processing fee. The remaining registration fee will cover the cost of the staff time and resources needed to review the application and enforce the STR regulations.

ENVIRONMENTAL DETERMINATION:

In accordance with California Environmental Quality Act (CEQA) Guidelines section 15378(b)(4), the ordinance introduction and resolution are not projects subject to CEQA in that introducing an ordinance and the adoption of fees are fiscal activities and do not involve commitment to any particular project.

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 - Proposed Ordinance

Att 2 – Proposed Resolution

STAFF CONTACT

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